

Contact: Joan Racki

**UNIVERSITY OF NORTHERN IOWA REQUEST TO BORROW
FROM THE IOWA ENERGY BANK REVOLVING LOAN PROGRAM**

Action Requested: Consider authorizing the University of Northern Iowa to borrow \$1,217,000 from the Iowa Energy Bank Revolving Loan Program for energy conservation projects.

Executive Summary: The University requests authorization to borrow funds from the Iowa Energy Bank Revolving Loan Fund for lighting retrofits in five academic buildings and a HVAC (heating, ventilating and air conditioning) direct digital control project in one academic building. The loan would be repaid from the General Educational Fund utility budget using the savings generated from the energy improvements.

The University needs to undertake lighting retrofits at this time because the T12 fluorescent lamps commonly used in University buildings will no longer be manufactured beginning in July 2012, as required by U.S. Department of Energy regulations. The lighting retrofit projects will involve replacing thousands of T12 fluorescent lamps and the associated magnetic ballasts with T8 lamps and appropriate ballasts, which are far more energy efficient. HVAC direct digital controls will replace existing pneumatic controls, which will allow the University to operate the HVAC systems more efficiently.

Background: The Iowa Energy Bank Revolving Loan Program was established using State Energy Program funding from the American Recovery and Reinvestment Act (ARRA) of 2009. *Iowa Code* Sections 473.19 and 473.20 authorize the establishment of the Energy Loan Program, which is administered by the Iowa Department of Administrative Services. Loans must be used for energy improvements that are cost effective and meet review criteria. It is permissible to use the loan proceeds for the installation of energy efficient lighting.

Energy Bank loans must be fully executed by March 30, 2012, and projects completed by April 30, 2015. Loan recipients must comply with the Davis-Bacon Act and the Buy American Provision, as have other projects funded by ARRA funds. ARRA transparency requirements require posting files, reports, and documents pertaining to the loan on ARRA web sites for public viewing. The loan terms are 1 percent interest, a 2 percent origination fee, an annual servicing fee of 0.25 percent of the outstanding balance, and a repayment period of up to 15 years.

The Department of Administrative Services has pre-qualified the University for the loan based on studies indicating project energy savings.

The University has consulted with Board Office staff and Ahlers and Cooney on the legality of the borrowing.